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COMPUTER decisions

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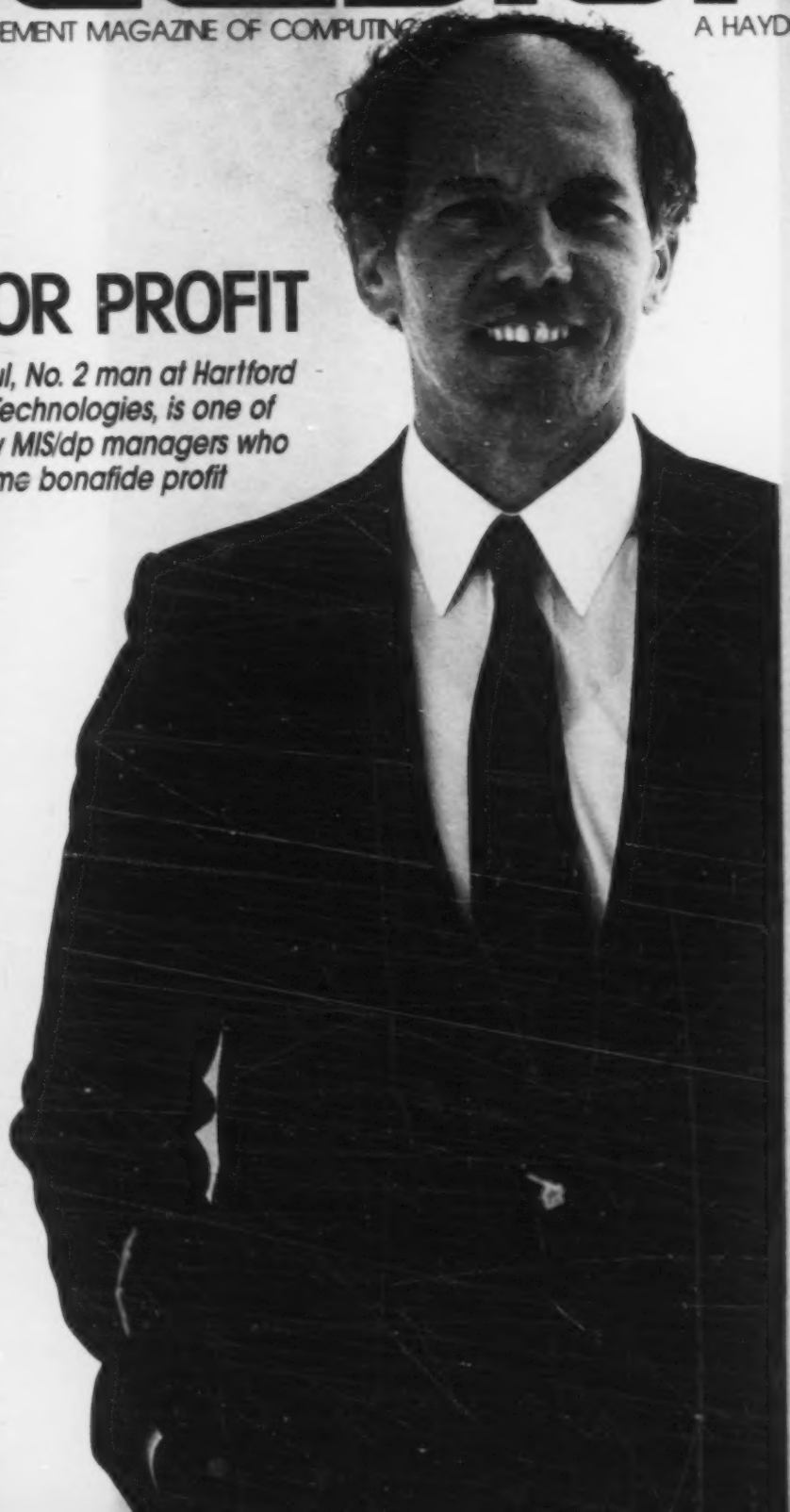

DP FOR PROFIT

Peter Daboul, No. 2 man at Hartford Integrated Technologies, is one of a select few MIS/dp managers who have become bonafide profit seekers.

Automating computer diagnosis

Jumping on the Ku band-wagon

Beyond dp insurance

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FEATURES

52 **Cover Story**
In pursuit of MIS/dp profits/*Rick Cook* As MIS/dp operations become profit-seeking subsidiaries, some MIS/dp managers may take up residence in the executive suite.

58 Keeping dp risks in hand/*David Roman* Don't rest assured because premiums are up-to-date. Dp insurance is a last resort.

62 A new balance in user support/*Jennifer E. Beaver* Corporate clout built on volume purchases has gained micro software and hardware users better after-sales support.

DEPARTMENTS

8 Letters

9 Insight/MIS profits and gains.

12 News Scan

16 News & Comment/Will IBM's Netview open up SNA?/How tax reforms will affect your computer purchasing plans.

32 Personal Computing/Utility software helps microcomputer users avoid serious data losses when hard disks fail.

36 Strictly Software/The General Services Administration is sorting out the confusing array of maintenance packages.

42 Data Communications/Ku-bandwidth satellite transmission offers corporations nationwide data communications with low error rates and costs.

48 Following the Leaders/Ashton-Tate pursues the time-tested strategy of innovation through careful acquisitions.

50 Large Systems/MIS executives look to diagnostics for greater self-sufficiency in mainframe and minicomputer service.

71 Advertiser Index

72 Products/Data Comm

(Continued from page 18)
current law to 36 percent under the House bill, and 33 percent under the Senate proposal. Also, the Senate bill—which many economists give the greater chance of passage—is designed to restrict tax shelters and encourage investments to improve business profits and productivity.

"A cut in [corporate] tax rates should mean greater resources for investment," says Christopher Petruzzi, assistant professor of taxation at New York University. "And some types of business investments will be better off if tax shelters are restricted. There should be a shifting of resources away from real estate and other tax shelters toward investments that will increase profits and productivity. What better to invest in than computers?"

Members of the Computer and Business Equipment Manufacturers Association (CBEMA) are hoping businesses will agree. "Restricting tax shelters will stop corporations from investing for tax purposes," says Ted Heydinger, vice president of CBEMA. "Our members will benefit from that. Businesses need our equipment."

Tax reform will also affect leasing rates. Some observers expect rates to rise proportionately higher than the net cost of purchasing equipment. Now, lessors sell the tax advantages they receive when purchasing equipment to outside investors, and pass the benefits on to users in the form of lower rates. The Senate bill in particular places additional limitations on such "passive investing"—purchasing property to obtain the tax benefit without directly participating in its use.

That means much of the benefit from depreciation will no longer be passed on to third parties, and the pool of tax-sheltered investors could dry up, says Burton Carlson Jr., head of Arthur Andersen's capital recovery specialty team, in Detroit. Higher leasing rates will result, as competition for available investors increases the cost of financing purchases, says Carlson.

Harvey Shrednick, vice president of information services at Corning (NY) Glass Works, says he expects leasing and purchase prices to rise at about the same rate. Corning leases most of its computer systems. "But I may be able to negate any differences between lease-vs.-buy pricing," says Shrednick. "Lease rates are negotiable. Some of the lessors I deal with have indicated that we will be able to work it out."

One consultant believes a lack of passive investors may send remarketed equipment to the scrap yard faster. Frederic Withington, a consultant with Arthur D. Little, Cambridge, MA, suggests that without outside investors seeking a payoff from the initial lease, lessors will have less reason to maintain equipment.

That will only apply to lessors that do not remarket equipment, says John Vosicky, chief financial officer for Comdisco, a Rosemont, IL-based lessor. "We won't have as many competitors making deals because they won't have the resources to remarket the equipment. We will see a purer form of business." For Comdisco, which Vosicky says makes most of its money by remarketing equipment, that's good news.

Although the consensus is that the cost of procuring computer equipment will rise, how long that cost hike will last and its long-term effect on the depressed computer market are unknown. "Every business will look a bit closer at its needs," predicts Withington, "which may cause 5 percent fewer purchases overall."

But James Shanahan, senior tax manager at Price Waterhouse & Co., New York, points out that although the expense of buying computers may rise, so will the income generated by their purchase. "A manager should not be asked to cost-justify computer purchases in the same manner as before," says Shanahan. "Other factors, such as lower tax rates and additional profits, will have to be considered before a decision is made."

—Lee Keough

HONEYWELL FIGHTS BACK WITH NEW MINI

Analysts say the new DPS 6 Plus line of minicomputers from Honeywell Inc. gives current users a solid growth path. The new line should halt erosion of the Minneapolis-based vendor's small market share, but probably won't boost it, they add.

The DPS 6 Plus series is part of a general overhaul of Honeywell's mini and mainframe lines. Bull, the French computer maker of which Honeywell owns a small share, is developing a smaller machine with the same architecture as the DPS 6 Plus to compete with the MicroVAX II from Digital Equipment Corp. (Maynard, MA), according to Paul Derby, vice president and general manager of Honeywell's Small Computer Products division in Billerica, MA. Honeywell expects the new machine to be ready next year. Derby adds that upgrades are being developed for the the DPS 7 and DPS 8 computer series. Further, the NEC 1000 from Japanese manufacturer NEC Corp., sold by Honeywell as the DPS 90 series, will soon be upgraded.

Honeywell touts the price/performance ratio of its new machines.

Users of Honeywell's older DPS 6 minis hail the new machine. "The DPS 6 is a good machine and the time is right for a replacement," says Ted O'Neill, computer technology consultant for General Electric Corporate Information Systems, a large Honeywell user based in Bridgeport, CT. The line is rated at between 1 million instructions per second and 25 MIPS.

The new line of 32-bit virtual memory machines provides the same power as the DPS 6 for less money and in a box one half the size. Honeywell promises complete compatibility between the DPS 6 Plus and DPS 6 peripherals. Derby says Honeywell will contin-

(Continued on page 26)

Photo by Robin Bowman

Paul Derby, vice president of Honeywell's Small Computer Products division, says a desk-side version of DPS 6 Plus is expected next year.

(Continued from page 22)

ue to manufacture the DPS 6 as long as customers demand it, but anticipates a phase out over the next year or two. Honeywell adds that the new machines will run all DPS 6 software as well as software written for 32-bit virtual hardware, such as the Oracle relational database management system from Oracle Corp. (Belmont, CA).

The DPS 6 Plus will be able to accept coprocessors to allow the simultaneous processing of applications under different operating systems, such as Bell Labs' Unix, says Bill Gould, the Honeywell small systems group's vice president of engineering. The new machines will be able to handle up to two coprocessors, including the 80286 chip from Intel Corp. (Santa Clara, CA) and the 68000 chip from Motorola Inc. (Schaumburg, IL). A Unix coprocessor will be available the third quarter of next year. Honeywell gave no release date for the 80286 coprocessor.

The new series "brings a dated product line up to the functionality of DEC and Data General lines," says Michael Geran, vice president of research for E.F. Hutton & Co. Inc., New York-based financial-services organization. Virtual memory, for example, is already standard on most 32-bit minis, Geran says. He adds that the ability of the DPS 6 Plus to accept coprocessors is not unique. The Eclipse minis in the Desktop Generation series from Data General Corp. (Westboro, MA), for instance, accept Intel chips as coprocessors.

The big news, says Honeywell, is in the price/performance ratio of its new machines. For example, the new DPS 6 Plus Model 411, a single-processor machine rated at 1.1 MIPS, costs $158,000 in a configuration for 19 users that includes 4 Mbytes of main memory, two 295-Mbyte disk drives, a backup tape drive, a 300 line-per-minute printer, the operating system, and Cobol. The same configuration for an old DPS 6/85-1, rated at 1.2 MIPS, costs $171,000. Honeywell says a comparably configured DEC VAX 8200 costs $190,000, and an IBM System/36 with 2 Mbytes of main memory costs $149,000.

But some analysts say Honeywell's price/performance ratio is no breakthrough. "This announcement brings Honeywell up to price/performance parity with the competition," says Alex Nedzel, managing associate with Index Systems Inc., a Cambridge, MA, consultancy. "The company is still an underdog as far as market share is concerned."

Still, some analysts are impressed with Honeywell's cross-vendor connectivity and communications. According to Joe McGrath, an analyst with the Gartner Group Inc. (Stamford, CT), Honeywell's new line supports several standards, including Open Systems Interconnection and Manufacturing Automation Protocol, as well as Ethernet and token-ring local-area networks. Support for Unix will make the DPS 6 Plus attractive to government users, he adds.

The first models in the DPS 6 Plus line, the 410 and the 420, are schedules for September delivery in single- or dual-processor configurations, with each processor representing about 1 MIPS of power. Four-processor models are expected late this year or early next year. The 410 and 420 support up to 50 and 150 users, respectively, and are available with up to of 16 Mbytes and 64 Mbytes of main memory. The memory capacity of the current DPS 6 models ranges from 4 Mbytes to 16 Mbytes. Honeywell also announced a new operating system, HVS 6 Plus, for the virtual memory and multiprocessor functions of the new computers. —*Anita Micossi*

MICRO SOFTWARE LEADERS

1. Lotus Development Corp., Cambridge, MA	$225,526,000
2. Microsoft Corp., Redmond, WA	162,630,000
3. Ashton-Tate, Torrance, CA	110,397,000*
4. Digital Research Inc., Monterey, CA	45,179,000
5. Micropro Int'l., San Rafael, CA	40,061,000
6. Software Publishing Corp., Mountain View, CA	31,664,000
7. Borland Int'l., Scotts Valley, CA	30,000,000
8. Autodesk Inc., Sausalito, CA	28,425,000
9. Broderbund, San Rafael, CA	25,000,000
10. Satellite Software Int'l., Orem, UT	22,983,000

**Not including acquisition of Multimate Int'l.*

1985 revenues supplied by Softletter, Cambridge, MA.